INSURANCE
NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD

Individual Health Coverage Program

Proposed Amendments: N.J.A.C. 11:20-3.1, 11:20-12.5 and 11:20 Appendix Exhibits C, D and T.

Proposed: at N.J.R. (05/02/05 N.J.R. citation not available at time of adoption.)

Adopted: April 12, 2005 by the New Jersey Individual Health Coverage Program Board, Wardell Sanders, Executive Director.

Filed: April ____, 2005 as R.2005, d. ___, with technical changes not requiring additional public notice and comment (see N.J.A.C. 1:30-4.8).

Authority: N.J.S.A. 17B:27A-2 et seq.

Effective Date: April ___, 2005

Operative Date: April ___, 2005

Expiration Date:

Summary of Hearing Officer Recommendations and Agency Responses:

The New Jersey Individual Health Coverage ("IHC") Program Board held a public hearing on April 6, 2005 to receive oral testimony with respect to proposed amendments to the standard health benefit plans set forth at Appendix Exhibits C and D. Ellen DeRosa, the deputy executive director of the IHC Board, served as hearing officer.

No persons provided comments during the hearing.

The record of the public hearing may be reviewed by contacting Ellen DeRosa, Deputy Executive Director, IHC Board, PO Box 325, Trenton, NJ 08625-0325. The hearing officer made no recommendations to the IHC Board as part of a review of the proposal.

Summary of Public Comments and Agency Responses:

Written comments were received from Oxford Health Plans, Inc. and Horizon Blue Cross Blue Shield of New Jersey.

COMMENT 1: The commenter suggested that the out of pocket maximum section of the schedule should be enclosed in brackets to designate variable text similar to the manner in which the deductible section is enclosed in brackets.

RESPONSE: The Board agrees with the commenter and has made the suggested change to the out of pocket maximum sections of the schedule page text of both Plans C and D. This change clarifies that the text is variable and is not a substantive change.

COMMMENT 2: The commenter noted that the hospital charges section of Plans C and D refers to the emergency room copayment, but that the emergency room copyment had been deleted with respect to high deductible health plans.

RESPONSE: The Board thanks the commenter for identifying a reference to the emergency room copayment that the Board had not included in the proposal. The Board has amended the Hospital Charges section of Plans C and D to include alternate text to be included when the plan is issued as a high deductible health plan. The alternate text removes the reference to the emergency room copayment, consistent with the remaining terms of the policy. The Board believes this is a technical change being made on adoption which does not require reproposal.

COMMENT 3: The commenter asked for confirmation that the high deductible health plan could only be used as an indemnity plan and could not be used as a PPO or POS plan since the schedule pages in the proposal only included indemnity plan text.

RESPONSE: While the Board only provided example schedule page text with respect to an indemnity plan delivery mechanism, the absence of a PPO or POS schedule should not be understood as a prohibition regarding use of a PPO or POS mechanism for the high deductible health plan. Just as the sample indemnity plan text replaced the deductible amounts section, eliminated the emergency room copayment and replaced the coinsurance cap with an out of pocket maximum, for PPO or POS plans the deductible text would be replaced, the emergency room copayment deleted and the coinsured charge limit replaced with a maximum out of pocket.

COMMENT 4: The commenter suggested that N.J.A.C. 11:20-12.5(i) should also include reference to the $5,000 deductible option found in N.J.A.C. 11:20-3.1(b)3vi.

RESPONSE: The Board agrees with the commenter and has made the requested change.

COMMENT 5: The commenter asked that the phrase “date such plan is first offered by a carrier” as found in N.J.A.C. 11:20-12.5(i) be clarified regarding what that date is.

RESPONSE: The Board has clarified the text of N.J.A.C. 11:20-12.5(i) to specify that the date the plan is first offered by a carrier refers to the date the carrier first makes the high deductible health plans available in the individual market.

Federal Standards Statement

The standard individual health benefits plans comply with the Federal Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191. The standard plans, and the rules describing the standard plans, including these proposed amendments, do not expand upon the requirements set forth in the Federal law.

Full text of the adoption follows (additions to the proposal indicated in boldface with asterisk ***thus**; deletions from proposal indicated in brackets with asterisks ***[thus]***):

11:20-12.5 Selection of a standard health benefits plan or a basic and essential health care services plan by a person covered by an individual health benefits plan

(a) – (h) no change

(i) A person who is covered under a standard health benefits plan who wishes to purchase a high deductible health plan as permitted by N.J.A.C. 11:20-3.1(b)3 iii, iv*,* *[or]* v ***or vi**** who would be required by (a) through (h) above to wait until the open enrollment period to replace the existing coverage may purchase a high deductible plan within 60 days of the date ***[such plan is first offered by a carrier]*** ***the carrier first makes the high deductible health plans available in the individual market.***

_____ Date: _____

Wardell Sanders, Executive Director